

Message Text

LIMITED OFFICIAL USE

PAGE 01 GUATEM 00452 231927Z

15

ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 L-03 /056 W

----- 130623

R 231855Z JAN 76

FM AMEMBASSY GUATEMALA

TO SECSTATE WASHDC 9759

INFO AMEMBASSY SAN SALVADOR

AMEMBASSY TEGUCIGALPA

AMEMBASSY MANAGUA

AMEMBASSY SAN JOSE

LIMITED OFFICIAL USE GUATEMALA 0452

FROM ROCAP

E.O. 11652: NA

TAGS: ECIN, EFIN, PORG, GT, CR,HO, ES, NU

SUBJ: PROPOSED INCREASE IN CABEI'S CAPITAL

1. ACCORDING TO HECTOR VILLAGRAN, RESIDENT VP OF CABEI IN GUATEMALA, A BREAKTHROUGH MAY SOON BE ACHIEVED TO GIVE THE BANK A MUCH NEEDED INCREASE IN CAPITAL. BY WAY OF BACKGROUND, CURRENT AUTHORIZED CAPITAL IS \$60 MILLION, SUBSCRIBED CAPITAL IS \$55 MILLION AND PAID-IN CAPITAL IS \$47.5 MILLION. VILLAGRAN ESTIMATED THE DEMAND FOR CABEI LOAN FUNDS AT \$100 MILLION PER YEAR OVER THE NEXT FIVE YEARS.

2. UNANIMOUS AGREEMENT WAS REACHED AT THE JANUARY 15-16 BOARD OF GOVERNORS' MEETING IN TEGUCIGALPA TO BROADEN CABEI'S FINANCIAL BASE. THE AGREEMENT REITERATES THE FIVE MEMBER COUNTRIES COMMITMENT TO PAY IN THE REMAINING SUBSCRIBED CAPITAL OF \$7.5 MILLION(\$5 MILLION IN APRIL 1976 AND \$2.5 MILLION IN APRIL 1977). FURTHERMORE, AN EXTRAORDINARY MEETING IS TO BE HELD TO (1) INCREASE SUBSCRIBED CAPITAL BY \$5

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 GUATEM 00452 231927Z

MILLION TO THE AUTHORIZED LIMIT OF \$60 MILLION AND (2) TO

INCREASE AUTHORIZED CAPITAL BY A SUBSTANTIAL, BUT STILL
UNDETERMINED AMOUNT, POSSIBLY ABOUT \$80 MILLION.

3. VILIAGRAN INDICATED THAT EL SALVADOR'S DECISION TO GO
ALONG WITH THE INCREASE IN AUTHORIZED CAPITAL IS CONDITIONED
ONLY ON THE COMMITMENT OF THE FIVE COUNTRIES TO NAME
PLENIPOTENTIARY REPRESENTATIVES FOR THE NEGOTIATIONS OF
A NEW CACM TREATY(NOT ON THE ACTUAL SIGNING OF A NEW TREATY).
WILIAGRAN THOUGHT THAT THE CABEI CAPITALIZATION ISSUE WAS
LOSING EFFECTIVENESS AS A POLITICAL NEGOTIATING ELEMENT FOR
EL SALVADOR. HE EXPRESSED HIS CONVICTION THAT THE OTHER
FOUR COUNTRIES HAVE A NUMBER OF OPTIONS TO INCREASE THE
CAPITAL OF THE BANK AND THAT THEY ARE PREPARED TO MOVE AHEAD
IF EL SALVADOR SHOULD CONTINUE TO OBSTRUCT JOINT ACTION. ONE
OF THESE OPTIONS WOULD BE TO MAKE VOLUNTARY DEPOSITS ON AN
INTERMIM BASIS.

4. FROM VILIAGRAN'S REMARKS, IT WOULD APPEAR THAT THE CABEI
GOVERNORS EXPECT PORTENTS OF GROWING EL SALVADOR-HONDURAS
RAPPORT TO DEVELOP, SUFFICIENT TO OVERCOME THE CURRENT
IMPASSE WITH REGARD TO THE BANK'S INCREASED CAPTIAL REQUIREMENTS.
HARRISON
ALSO PASSED INFO USAID/GUATEMALA
ANDREWS

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BANKS, ECONOMIC INTEGRATION
Control Number: n/a
Copy: SINGLE
Draft Date: 23 JAN 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976GUATEM00452
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760028-0030
From: GUATEMALA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760129/aaaaaysw.tel
Line Count: 85
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 09 JUL 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <09 JUL 2004 by SmithRJ>; APPROVED <12 JUL 2004 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PROPOSED INCREASE IN CABEI'S CAPITAL
TAGS: ECIN, EFIN, PORG, GT, CR, HO, ES, NU, CABEI
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006